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The AGRICULTURAL OUTLOOK DIGEST

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Economic activity in the Nation continues at peak levels, despite some weakening in consumer demand.

Consumers are buying considerably less factory-made goods than during the buying wave of last winter; also less than a year ago. Supplies of many products are large compared to the amounts being sold and inventories of some lines are increasing. Spending for new houses also has fallen off; in May, it was 18 percent below a year earlier.

With demand easing and supplies of most products large, average prices in farm and wholesale markets continued to drift downward in recent weeks.

Prices in farmers' markets have been declining longer and have dropped farther than prices at whole-sale or retail. The decline of about one percent from mid-May to mid-June dropped the index of prices received by farmers 4 percent below the February peak. This was the fourth consecutive monthly decline.

The index of prices paid by farmers including interest, taxes and wage rates in mid-June remained at the mid-May level. With prices received averaging lower, the parity ratio fell from 108 to 106.

Wholesale prices weakened further recently and in the fourth week of June averaged 1.5 percent below the peak reached in the week ending March 20.

Rising rates of spending by business for new plants and equipment and by the Government for National defense have taken up the slack resulting from the decline in consumer expenditures. In fact, the decline in consumer demand has made it easier to increase output of guns, aircraft, heavy machinery, industrial plants and military facilities than it would have been otherwise.

Some workers have lost jobs as the result of shifts from production of consumer goods to military and industrial goods. However, employment is a record and unemployment is the lowest since October 1945, indicating that most of these workers were able to find other jobs quickly. Furthermore, the average work week has lengthened and wage rates have been going up.

High employment and wages and generally good business continue to swell the flow of income to consumers. Consequently, consumer demand is likely to strengthen gradually.

LIVESTOCK AND MEAT Farmers are continuing to boost hog production. This spring's pig crop is estimated to be up 7 percent from last year and producers' intentions indicate a 3-percent gain for the fall crop. The total of nearly 106 million for 1951 would be the second largest in history.

Beef output in the second half of 1951 is expected to top the same period of 1950 and to continue to gain next year. In the first half of 1951, output was about 6 percent below a year earlier.

DAIRY PRODUCTS Milk production this year is expected to total close to the 120.6 billion pounds of 1950. Output the first 5 months was $1\frac{1}{2}$ percent below the same period of last year.

Rising prices for milk are in prospect the second half of this year. Production will be declining seasonally, the fat test will be rising and consumer demand will continue strong.

POULTRY AND EGGS Egg prices are expected to continue their seasonal rise in coming months. Production is declining and storage stocks are unusually low.

FATS AND OILS Declining prices for most fats and oils have dropped the wholesale price index about one-tenth since February. Practically all fats and oils prices are below ceilings. Soybeans prices also are below ceilings while flaxseed prices have dropped sharply.

FEEDS Feed prices weakened in recent weeks with oats and barley making the greatest declines. Feed grains prices continue well above a year earlier, above the support level but below parity. However, protein feed prices in June were near or below the levels of a year earlier.

Prospects for 1951 feed crops were about normal in early June. First official production estimate for 1951 corn crop will be included in the General Crop Report of July 10.

WHEAT Wheat supplies for 1951-52 are expected to be the fourth largest on record. This includes the 1951 crop estimated at 1,054 million bushels on June 1, 50 million bushels of feeding quality wheat expected to be imported from Canada, and the estimated carryover of 375 million bushels on July 1—a total of 1,479 million bushels.

Wheat prices are expected to average near loan levels for the 1951-52 season as a whole. The usual decline is expected after harvest, followed by an advance later on.

FRUITS Considerably more deciduous fruits are expected to be marketed in July than a year earlier and prices may average lower. Later in the summer, supplies will exceed a year earlier by a smaller margin. With demand stronger, prices probably will average about the same as in the late summer months of last year.

VEGETABLES With supplies of fresh vegetables slightly smaller and demand stronger, prices this summer probably will be moderately higher than a year ago.

Production of canning and freezing vegetable crops this summer is expected to be large enough to provide for larger military requirements and keep civilian consumption high. Contracts to farmers generally called for higher prices than last year.

About one-fourth fewer potatoes are expected to be harvested this summer than last. Consequently, prices may average above a year earlier.

COTTON Prices in the 10 spot markets in June averaged at or near ceiling levels. The price received by farmers in mid-June was off slightly from the previous month.

First official report on the acreage of the 1951 cotton crop will be issued July 9.

WOOL Farmers prices for wool continue to reflect the downtrend in foreign markets. The farm price averaged \$1.01 per pound in mid-June compared with \$1.06 in mid-May and the peak of \$1.19 in mid-March. However, the May average was 43.4 cents above a year earlier.

Prices of wool have risen more over the last year or so than prices of synthetic fibers. Consequently, substitution of synthetics, reclaimed wool and other fibers for new wool has increased.

TOBACCO When marketings of flue-cured tobacco from the Georgia-Florida area begin in late July, demand is expected to be active.

Cigarette manufacture, the main outlet for flue-cured, is expected to continue at the record level of 1950-51. Prospects for exports also are favorable.

